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CANADA'S REJECTION OF RECIPROCITY

At last Canada and the United States are quits. For fifty years the republic repeatedly and emphatically declined all Canadian requests for freer trade; brought by changed economic conditions and party exigencies to see new light, it has made a generous and neighborly offer, only to see Canada in turn decline closer relations. In the general election fought on the reciprocity issue the Laurier government has been overwhelmed, eight cabinet ministers defeated, and a liberal majority of forty-four in a house of two hundred and twenty-one members turned into a Conservative majority of forty-nine. The government secured a majority of the seats in New Brunswick, Quebec, Saskatchewan, and Alberta, split even in Nova Scotia and Prince Edward Island, but won only fifteen out of the one hundred and three seats in Ontario, Manitoba, and British Columbia. The result has surprised all the prophets. It was generally conceded, especially in the last fortnight of the campaign, that the tide was running against the government; but not even the most optimistic official forecast by the opposition predicted the landslide of September 21. In view of the fact that the proposed agreement followed exactly the lines long accepted by both political parties as eminently desirable, if only they could be obtained, some explanation of the sudden *volte face* is in order.

The verdict of the people, it may first be noted, was given in a general election, not in a referendum. The fate of the government was involved, its general record was brought up for review, party ambitions and passions were stirred to the utmost. Fifteen years of office-holding had meant the accumulation of the regulation number of scandals, a slackening in administrative efficiency, and the cooling by official compromise of the ardent faith of Liberalism in its days of opposition. Yet the record of the government was not a main issue in the campaign, and the loss suffered on this ground was probably offset by the powerful pressure the Canadian party in power always exerts over constituencies, corporations, and individuals eager for favors. The opposition had gathered energy in

fifteen years of fasting. Their newspapers were, on the whole, more aggressive and more effective than the government organs. It is significant also of the rôle played by party, that in the provinces where reciprocity was decisively rejected, Ontario, Manitoba, and British Columbia, strong Conservative governments are intrenched, which placed at the support of the Dominion party all their resources of electioneering skill and the prestige, in two of the three provinces, earned by progressive and honest administration.

Of the side issues introduced into the campaign by the party character of the struggle, the most important were the naval policy in Quebec and the race and religious issue in the English-speaking provinces. The government had to face what Sir Wilfred termed "the unholy alliance" of ultra-Nationalists in Quebec under Henri Bourassa, and ultra-Protestants in Ontario. In the French-speaking districts the premier was attacked for truckling to the Imperialists, for establishing a Canadian navy which might involve sharing in Britain's wars, and for sacrificing the interests of the French-speaking Catholics in the West. In English-speaking districts a quieter but not less effective campaign was carried on against the continued dominance of Canadian politics by the French Catholic province and a French Catholic premier. It was in vain that the Liberals appealed to national unity or themselves started back-fires in Ontario by painting Bourassa black and declaring that a vote for Borden was a vote for Bourassa. The Conservative-Nationalist alliance lost the government fifteen seats in Quebec, and apparently did not frighten Ontario. Incidentally, the Nationalists overshot themselves; instead of holding the balance of power, they are faced by a Conservative majority sufficiently large at a pinch to do without their votes; for the first time since confederation the party in power might rule without Quebec.

Yet with all these cross-currents it was undoubtedly the reciprocity issue that decided the election. It is further beyond doubt that it was the political rather than the economic aspect of the case that carried most weight.

From the economic point of view there was little question that reciprocity would have meant gain for farmer, fisherman, and

miner. Both on broad considerations of the mutual advantages of free intercourse between neighboring peoples not unevenly matched in these fields, and on detailed study of market conditions in the two countries, the advocates of reciprocity had the better of the argument. Every agricultural paper in Canada and the most important farm organizations were heartily in its favor. There has, of course, been a leveling up of prices on the two sides of the border which makes the advantage less marked than in former years. There are agricultural products, especially fruit, in which it was plausibly claimed the Canadian producer could not compete with the United States. The free admission to Canada's markets of the products of Argentina, Denmark, Russia, the British colonies, and other countries under existing favored-nation agreements or the fixed policy of giving no foreign country advantages over the other partners in the empire, threatened more severe competition; the government admitted the danger by taking steps at the Imperial Conference toward securing if possible exemption from the old favored-nation treaties negotiated by Great Britain and binding the whole empire. Yet had the economic issue alone been involved there is little question where the farmer's interest lay and how his vote would have been cast. In the prairie provinces of Alberta and Saskatchewan the economic issue was most powerful, and here reciprocity swept the boards; had it been possible to pass a Redistribution Bill before the dissolution of Parliament, the additional seats due those provinces on the basis of the 1911 census would have cut down the anti-reciprocity majority—though redistribution would also have involved strengthening the cities of Ontario and Quebec as against the country. Elsewhere the rooted party prejudice of the farmer and the political arguments advanced prevented any government gain sufficient to counterbalance the loss in the industrial districts.

So far as the manufacturer was concerned, no serious inroad was made by the treaty on the protection he enjoys, though the milling, packing, canning, and brewing interests probably stood to lose by having to pay higher prices for their raw material. In spite of their comparative immunity, and of the private assurances that no further reductions were contemplated, the manufacturers

and the allied banking and railway interests, afraid of the thin edge of the wedge, fought the pact in almost unbroken ranks. Prominent Liberal financiers broke from the party; manufacturers brought all possible pressure to bear on their employees and fellow-townsmen, especially when it became evident that there was a chance of beating the government and no further necessity for observing the neutrality declared since official Liberalism turned protectionist in 1896; the majority of the railway men attacked it, some openly, like the ex-American chairman of the Board of Directors of the Canadian Pacific, Sir William Van Horne, who made his first public entry into politics in order, in his own engagingly frank phrase, "to bust the damned thing," and some, more prudent because more actively in business, which in a railway-subsidizing country means in relations with the government, silently but not less effectively. The Liberal fifteen-year compromise with protection made it impossible to revive freer trade sentiment in a seven-weeks campaign. The endeavor made to catch the city consumer's vote by arguing that reciprocity meant both higher prices for the producer of the raw material and lower prices to the consumer of the finished and now protected product, while undoubtedly sound in some cases, was apparently too subtle for the wayfaring man to grasp. The prosperity of the country—heightened by big headline contrasts with the existing depression in the United States—lent force to the cry of "Let well enough alone." The fact that the United States had accepted the agreement was enough to convince many primitive reasoners that Canada must be getting the worst of the bargain. The city voter and the voter in the industrial towns scattered through the country flocked to the Conservative banners and turned the scale. Tacticians gifted with hindsight are declaring that the Liberal party would have gained if instead of attempting to placate the manufacturer it had boldly come to the relief of the consumer by increasing the preference on imports from Great Britain to 50 per cent; the opposition of the big interests could not have been greater, and the appeal to the British-born would have been effectively spiked.

From the outset the opponents of reciprocity concentrated on

the political issue. The agreement was denounced as the forerunner of annexation, the deathblow to Canadian nationality and British connection. United States public men and newspapers played into their hands; indiscreet friend and astute foe of reciprocity alike fanned the flame by annexation utterances which were given the widest currency; every American crossroads politician who talked of the Stars and Stripes floating from Panama to the Pole was set down a statesman of national importance, voicing a universal sentiment; President Taft's parting-of-the-ways speech was unfairly twisted from its context and used with telling effect. The impudent action of the Hearst papers in sending proreciprocity editions into the border cities of Canada made many votes—but not for reciprocity. The Canadian democracy proved it was unable to suffer fools gladly. It was in vain to argue that the men who counted in the United States had come to recognize and respect Canada's independent ambitions, that in any event it was not what the United States thought but what Canada thought that mattered, that the Canadian farmer who sold a bushel of good potatoes to an American customer no more sold his loyalty with it than did a blatant Kipling selling his tens of thousands of copies to the same American public, or that it was folly to assert that the political unity of Canada and the empire rested on the ban against Canadian exports which the United States could remove of its own volition at any moment. The flag was waved, and the Canadians, mindful of former American slights or indifference, and newly arrived Englishmen, admirably organized by the anti-reciprocity forces, voted against any entangling alliance.

The success of the loyalty cry is viewed with mingled feelings by the Canadian advocate of reciprocity. He is proud of the sturdy feeling of self-reliance, the readiness to set ideals above pocket, which were the creditable factors in the decision; and he trusts that the demonstration of national spirit will not be lost on American prophets of manifest destiny. He regrets that in order to demonstrate a loyalty which might have been taken for granted it was considered necessary to sacrifice unquestioned economic advantage, and is not reassured for the future of democracy by the ease with which interests with unlimited funds for organization, adver-

tising, and newspaper campaigning can pervert national sentiment to serve their own ends. However, this is a stage through which every young nation apparently must pass, and the gentle art of twisting the lion's tail has formed the model for the practice of plucking the eagle's feathers.

As for the future: The party of "moderate" protection is out and the party of "adequate" protection is in. There is not likely to be much difference in tariff policy between Tweedledum and Tweedledee. Possibly the expiring iron and steel bounties may be renewed, and a few schedules readjusted. The new premier is not a high-tariff man—his leadership was attacked by an ultra-protectionist cabal some months before the election—and he is pledged to the appointment of a permanent tariff commission before making any general revision. So long as the United States keeps up her tariff, any radical reduction of Canadian duties on manufactures is not to be looked for; but while agreed on this, the majority of the Canadian people are also uneasy at the growth of combines and mergers and awake to the need of more discrimination in giving protection. With reciprocity given its quietus, the discussion of the tariff may go on without flag-waving and brass-band distractions; and, what is also a gain, any reduction which may eventually be made will be made because it is for our own good, and not, as reciprocity (essentially protectionist in basis) assumes, a loss to be offset by the loss to the other party to the bargain. And in relations with the United States there is the advantage that the grievances of the past have been wiped out by the offer from the republic, and that the good-will evinced by President Taft and the broader-minded exponents of American public opinion will be permanently remembered long after the temporary excitement has subsided.

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